



FINAL CHECK AGAINST DELIVERY

2013 STATE OF THE CITY ADDRESS Presented by Mayor Carl Zehr Friday, April 12, 2013 Kitchener City Hall

Good morning. On behalf of Kitchener City Council, it is my pleasure to welcome everyone to the 2013 State of the City address.

A little while ago, I watched my grandson in a rare moment of quiet play – settled down with a colouring book ‘connecting the dots’. Number after number, up, down, sideways, he worked away until he finally created something new, and something he hadn’t envisioned.

It occurred to me that city leaders are faced with puzzles as well. What we do, the paths we choose, and the connections we make, all impact where we end up – and eventually, create the reality that WE ALL work within.

It also occurred to me that city leaders are not the only driving force that shapes a city. Throughout the ages, citizens, business leaders, and even pop culture influence decisions that are made and directions cities take.

Think about last year, when we marked 100 years as a city and celebrated all that is Kitchener. Over the past century, there have been many decisions that are now embedded in the history of this city. There are fascinating connections between those decisions from decades ago and their impact, even today.

Take for example, the “factory tax”. In 1874, in response to the voice of Kitchener’s industrialists, an Official Factory Policy was established to provide five-year tax exemptions to all new manufacturing businesses.

What was the result of that?

It meant that Emil Vogelsang could add more jobs to his growing button factory.

It meant a break for new factories in Kitchener – and the beginning of a solid manufacturing presence in this city.

Regionally, manufacturing has been – and still is – an important part of this area’s economic identity. What has changed is that we’re not making buttons anymore – we’re entrenched in advanced manufacturing which, of course,

speaks to our flexible workforce and diverse economy.

This region has one of the highest **employment** participation rates in the country. This means that we have more people coming here – and entering the workforce here. In fact, a senior economist at BMO recently noted that “this region will likely see more than 13,000 jobs created by the end of 2016”.

While Kitchener’s historic entrepreneurs may have been manufacturing-focused, they were also progressive, innovative leaders. And I’m sure the dots were not always aligned for them. Even today, we don’t always have the complete picture in front of us as we face making decisions that will shape the future of this city,

But like those who went before us, we must be visionaries - strong in our convictions and adventurous enough to begin the journey. And like them, we know it’s important to look beyond the ‘*what is*’ and explore the ‘*why not*’?

Before I get into the ‘why not’ of the future, let’s look at where we are right now. Let’s look at the City’s financial condition.

When you look at our balance sheet, you will find – well – balance.

Today, we have more than enough cash and investments to cover our outstanding liabilities. Quite simply, if we had to pay our debt tomorrow, we could.

When we talk about debt - yes, we have had a higher than normal debt load in recent years.

But let’s not forget – that debt was not created by frivolous spending. That debt was created by what has become a renowned investment plan: EDIF – the City’s Economic Development Investment Fund.

The legend of EDIF is that it was mapped out on a pizza box. The reality, of course, is that we think beyond the box. Now in the 10th and last year of the EDIF levy increase on property taxes, I have taken a long, hard look at the success of this investment. Today, more than ever before, it’s clear that EDIF was the right thing to do and in just a bit, I will touch on some of the dots we connected by implementing EDIF.

This year we passed an extremely good budget – and like my council colleagues, I too struggled with some of the decisions that had to be made. One of those difficult decisions, of course, was the challenge with the budget for fire services. Time and again, I have said that the current arbitration system and levels of arbitrated compensation are simply not sustainable for municipalities. The time has come for the province to deal with this situation.

It's not a news flash that it costs a lot of money to keep this city running at the level we all expect. Our residents and our business community know this, and have told us they understand the challenge.

They also told us that any tax rate increase should not be higher than the rate of inflation.

They told us that services are important – and they value the services the City delivers.

We heard that this community expects us to be fiscally-responsible and prudent.

We heard that when considering expenditures and potential reductions, Council must be informed and remain rational in its decisions.

Connecting all of those dots created the 2013 budget picture: 1.39% tax increase while still keeping service levels where they need to be.

Ultimately, the budget was passed unanimously – and this is no small feat.

The reality is, it isn't council shaping the budget – it's the citizen's voice. This annual exercise illustrates how community shapes the city's direction.

The budget must reflect the citizen's priorities in action – because meeting those priorities makes Kitchener a truly liveable city.

Kitchener is a growing city – but there's nothing new there. And with this growth comes exciting opportunities and challenging realities. Like cities across this country, we must find a way to deal with crumbling infrastructure, a changing economy, and the responsibility of creating a healthy, sustainable environment.

And, we're working on it!

In 2011, for example, Kitchener council approved a Corporate Asset Management Program. This program created an inventory of the city's assets and a plan to help deal with future demands of maintaining and investing in city assets.

Kitchener has – and will continue to take a long-term approach to planning for the future. That kind of planning – that kind of investing – pays off.

Looking at all of the dots we need to connect: infrastructure, environment, economy, growth, prosperity; it can certainly look like quite a puzzle.

And, with the voice of the community, the only way to connect those dots is step by step, one by one – with a lot of twists and turns along the way.

We must remember, too, that sometimes results take years. Some dots are far apart and take a lot of time to connect.

Think of the rapid transit project. The train is coming – and there's no turning back. And it's very exciting for this city.

We are busy working with the Region on station area planning. The heart of the system will be right on the doorstep of our downtown ... that is truly significant.

Yes, construction will be disruptive for a while. But, let's look beyond the inconvenience. Let's picture this city and region 10, 20 years ahead. Only then we will see that without this transit system, we would be paralyzed; we would have gridlock.

I hate to sound like a broken record with the analogy I've use before of comparing the LRT project to the Conestoga Parkway – but for the few who haven't heard it, I will simply say: imagine trying to navigate across the twin cities without the expressway. And, today - even it's reaching capacity.

We are a growing community. Exciting times lay ahead. And time does go fast.

Think of where we were only 10 years ago.

A decade ago, the City of Kitchener embarked on a new direction in economic development with its Urban Investment Strategy. That strategy shifted the emphasis in economic development away from purchasing land to stimulating new economic clusters. EDIF provided the resources to stimulate capital projects, and attract investment and developer interest in this city at a rate higher and faster than we originally anticipated. Over \$750 million worth of commercial, residential and institutional construction occurred in the downtown alone from the time the fund was announced in 2004 until the fall of last year. And, all that construction, of course, created jobs, assessment and an entirely new vibe.

When we connect dots, we are actually laying stepping stones to move ahead. For example, when we started EDIF, what we really decided to do was move along an investment path and see what other dots appeared along the way.

Look at the opportunities we connected through EDIF:

- Technology.
- Industry.
- Education.
- Residential development.
- Brownfield redevelopment.
- Downtown investment.
- Arts and culture.

Each of these sectors creates exciting new dots that reach far, far beyond our downtown and city boundaries.

Research, innovation and investment are happening throughout this community. The streetscape is changing in Kitchener's core – and in the entire city.

Gone are the days when people came downtown just to work or take care of business. We are creating more homes in the core; people want to live here and people want to stay here.

The Andrin Group has just confirmed with us that there will be shovels in the ground this summer for the City Centre condominium project. In fact, I understand the site plan will be submitted for approval immediately after this breakfast.

The City is in the process of finalizing the transfer of the former Mayfair Hotel and adjacent building to the Mayfair Hotel Development Corporation. This is expected to take place by the end of this month – and we're very excited about the redevelopment of these buildings into a boutique hotel in the heart of the city.

The Momentum Development condominium tower planned for the corner of King and Victoria Streets will be a striking structure at the gateway to downtown Kitchener.

A few blocks from here, is Victoria Commons, a brownfield re-development at 1 Adam Street. This is much more than just new town homes and condominiums. It's an entire community complete with its own "piazza".

The new consolidated provincial courthouse on Frederick Street opened its doors in early March – and, being just steps away from the "Duke Food Block" there's no doubt those restaurants will see a lot of new faces over the next few months.

As cities grow, we must remember that the time has come to grow up – not keep growing out.

We know that just growing out, with unabated greenfield development, new subdivisions and ever-expanding and expensive infrastructure is simply not sustainable.

I know that density and intensification isn't for everyone. I know that when people tell us – philosophically – that they agree with the concept of growing up, when they see that development come to their neighbourhood, that support often disappears.

But growing up doesn't mean a new apartment building on every street corner.

It means taking advantage of opportunities to reuse and re-energize vacant lands and buildings to create mixed-use developments.

As far back as our first zoning by-law in 1924, we have been planning for land use in this city. We know we need to be diligent, and we need to remain committed to our future growth plan.

It's time to, again, think differently about growth.

We've identified in our Trails Master Plan that we will need \$11 million for community trails. We are working toward amenities and green spaces in southwest Kitchener. As Kitchener continues to grow, council and the community will be faced with tough decisions on how to manage that growth to provide for housing choices.

Take, for example, the Strasburg Road extension. In this area of Kitchener, growth means extending Strasburg Road through a challenging, delicate landscape. Yes, it's complicated – but to be blunt – the time has come for us to complete the Environmental Assessment. Decision time is upon us!

The status quo is not a viable option. It's time for action, time for solutions. And we will find them... we always do.

Kitchener's award-winning storm water utility is a perfect example of finding solutions. As a rate-based model, this utility provides a stable, sustainable and equitable funding source to address the environmental impacts of storm water runoff.

To some, this may not be a perfect solution. But, let's not forget that without this rate model we cannot meet the demands to improve the storm water service program, ensure protection of our water source and have the necessary funding needed to replace aging storm water infrastructure like pipes and catch basins.

Storm water management is not cheap; and there are plenty of other high costs that we have no control over. Just look at the damage the Emerald Ash Borer has done to so many trees in some of this city's established neighbourhoods. It's sad... we're losing trees and we have no choice - and it's going to take a lot of money to re-green our city.

But, remember, Emerald Ash Borer is not just a Kitchener problem; it's happening across southern Ontario – and it's yet another funding challenge for municipalities.

I have always advocated that the federal and provincial governments must invest more into municipal infrastructure. The current model of placing the entire responsibility on municipal government is simply not sustainable and – across this country – communities are crumbling because they cannot afford to keep up.

And I'm only talking about keeping **up** with maintenance... so many communities haven't even started to deal with **improving** infrastructure.

Think about it: municipalities own and operate 53% of the country's public infrastructure... but collect just 8 cents of every tax dollar paid in this country. This is not new information. And it's also not news that, on their own, municipalities simply don't have the revenue tools to rebuild infrastructure.

What is clearly needed is a stable, sustainable long-term funding plan. This is where municipalities need help. When infrastructure is built to last a century or more, somewhere along the way, there has to be money to repair, update or replace it.

Together with my elected colleagues, we have been advocating for more investment from the other orders of government for years – and we will continue to do so.

Relying on municipal revenue alone is simply not a sustainable model.

I am pleased to say that when the federal budget was tabled just a few weeks ago, it contained important implications for municipalities. In particular, the federal government's indexing of the gas tax transfer means almost \$27 million in additional gas tax funding for Kitchener over the next 20 years.

But before we go out and spend that money too quickly, we must realize that this is really only \$200 - 300,000 more per year in the early years.

What I am hoping, though, is that this budget is a signal and recognition that a new and stronger financial partnership will be developed between municipalities and other orders of government.

Calling for federal and provincial funds does not mean we've been sitting back doing nothing. Like all municipalities, we're doing everything we can.

We've utilized the gas tax funding.

We've used infrastructure stimulus funding.

We've used our property tax and utility revenues.

In 2004 we implemented an infrastructure renewal program. However, because of escalating costs of construction, this program now has a backlog in excess of \$160 million for underground services in our city alone.

If infrastructure continues to deteriorate, in 25 years – that's just one generation away – our children will inherit nothing short of a crisis; a real threat to the quality of life we all enjoy.

It's not just here. Municipalities across this country are facing this crisis – and many don't even have a clear picture of their assets and how they're going to manage future demands.

Municipalities are calling for a game-changer, because, honestly – we're at the point where we're all just treading water.

We will continue looking for solutions by working with the Federation of Canadian Municipalities. The budget change I mentioned a moment ago came about because of the advocacy work by FCM officials – including Councillor Berry Urbanovic, the immediate past-president of FCM.

We will continue working with the Big City Mayors' Caucus, the Association of Municipalities of Ontario, and the Large Urban Mayors' Caucus of Ontario to raise awareness of the infrastructure crisis, to find answers and to solidify support.

We will not give up. We will find ways, and, we will find solutions.

Finding solutions, looking for options, and being innovative, are at the heart of everything Kitchener does – and has done. We've created an entire district – and a creative cluster – around innovation. But, I believe it goes further than the exciting new technologies that have placed our digital companies on the world stage.

Innovation, to me, is about being daring. It's about seeing a dot in the distance and wondering what would happen if you went there. It's about learning to take risks to create a new picture. You need to dream. And, when the community participates, dreams really take shape.

Take for example, the creative sector. Through community vision, and business and education collaboration, we will be showcasing digital art in an innovative project planned for later in the year. Stay tuned!

We are also growing "music works", a community-based initiative to enhance success in the local music cluster. With the local digital media community, artists and business, we will be launching our first ever music industry conference on May 11.

These initiatives are not only about connecting the creative vibe in Kitchener, but also about furthering the City's Economic Development Strategy, strengthening talent and diversifying the economy.

We truly are blessed with some of the brightest minds and creative spirits in the country. And, the more I listen to what people say about this city, the more connections I see to how past decisions have played out.

Bob Egan is one of those talented citizens who lives in Kitchener. He is a member of the iconic Canadian band, Blue Rodeo, and a relatively new resident and business owner here. Bob has travelled the world – and has come to, not only embrace Kitchener, but brag about this city - his home.

Let's listen....

Hello, my name is Bob Egan. I'm a Kitchener home owner and small business owner. I run Bob's Guitar Service on Ahrens and Victoria Streets but my day job is playing steel guitar for Blue Rodeo. In the 13 years since I've been with the band, we have toured this country relentlessly. By my own conservative estimate, I have played over 600 shows in Canadian towns and cities from coast to coast.

Now during the evenings, we perform in these cities, but during the days, I usually head downtown to find out what's happening in the city, to find out what the vibe is. And after a decade of being in these downtowns, I consider myself a CDVE: that's a Canadian Downtown Vibe Expert.

Now when we finish tours, I come back to Kitchener and, of course, I head downtown to check out what's happening, to check out the vibe. And what I've seen over the past several years has been simply astounding. It's been amazing. It's been awesome. And it's been inspiring.

See, when I first moved to Kitchener seven years ago, my hip friends from Toronto would ask me where I lived. And I would sheepishly say, "Kitchener-Waterloo..."

I did. I apologize.

But now when I'm asked, I say loudly and proudly: "Kitchener, Ontario – and it ROCKS!"

The response is usually, "Kitchener rocks?"

And, I reply, "yes, it does... for two main reasons."

The first is that Kitchener is moving forward. The investments in infrastructure and services that I see in this downtown core are going to make Kitchener the most desirable city of the 21st century.

I mean, think about it: we've got the new transit hub. We've got light rail. We've got King Street beautified. We've got Weber Street being widened. We've got the Lang Tannery, the Breithaupt Block, the new pharmacy school, the new courthouse. This city is on fire and it's moving into the future.

The second reason I tell my hipster friends is that, while Kitchener is moving into the future, it is holding on to its treasured past. It's taking one of its most valuable cultural assets – the industrial buildings of the last 100 years – and it's turning them into the most desirable real estate on the market today. Live ... work ... loft... industrial spaces.

So, yes, my hipster friends, Kitchener does rock.

Now for those of you out there who are in someway responsible for Kitchener rocking, my hat goes off to you. I want to thank you and I want to encourage you to keep up the good work – because I truly believe with your efforts and your vision that Kitchener will indeed become the most desirable city in Canada of the 21st century.

And I will see you around sometime in our vibrant downtown core.

Thank you.

Bob's right - it takes people to make a city "rock"!

Certainly, Kitchener is authentic: we're a bit gritty and we don't hide our bruises. We celebrate our victories and we find solutions to challenges. We connect dots.

Bob tipped his hat to all of us – and I'd like to take this one step further.

We know we don't always have to have the final picture in mind when we start working to connect the dots.

We know that if we plan carefully, work together and keep the goal of creating something better in mind – we will continue to succeed. Council can prepare the conditions for success, but it takes a community to deliver.

So, my challenge to all of you is to take those cards that Jeff spoke of earlier. Tell us how we can continue making Kitchener rock. Let's share those ideas that will make us – as Bob said – "the most desirable city in Canada".

Last November, Dr. Lloyd Axworthy spoke at CTT's annual International Reception & Dinner. His description of this region was very similar to Bob's. He said this is a place that "excites imagination"; a place where ideas grow.

He also said the time has come to decide if we're going to shape, or be shaped.

I'm sure it will come as no surprise when I tell you I believe we have no choice but to shape our community.

I have never been more excited about what lies ahead – about those opportunities to shape this city. Just like my grandson's anticipation at connecting those dots, I am eager to see what will come next.

It is time to own our future.

You know, this speech has traditionally been called the State of the City address. But I'm beginning to think that name is wrong.

This address should really be called the "The State of Our City".

Why?

Because, really, we're talking about OUR city.

We are all responsible for the state of OUR city.

We are all responsible for growing ideas, exciting imagination.

If we don't connect those dots – who will?

Now, more than ever, it's time for everyone to shape the state of our city.

Remember, we ROCK!
